
Directors' Compensation Philosophy Overview

Vestcor Inc.'s Board of Directors has developed a Director Compensation Philosophy (Philosophy), which supports our strategy, desired organizational culture, and compensation positioning within the competitive marketplace.

Director Compensation Philosophy

The philosophy for the remuneration of the Directors of Vestcor Inc. (Vestcor or the Company) aligns with Vestcor's vision, mission and strategic mandate.

Effective governance and oversight of Vestcor, on behalf of its' shareholders and investment management and pension and benefit administration clients, requires highly qualified and committed directors. Vestcor's approach to Board compensation is aligned with leading governance practice; compatible with the recruitment and retention of high quality candidates with the breadth of skills and industry expertise necessary to effectively oversee an organization of Vestcor's size and complexity; and reflects considerable time demands.

Our Philosophy also reflects an equitable balance between Vestcor's commercial responsibilities and activities while remaining mindful that the company is a publicly purposed, private not-for-profit entity.

Director Compensation Principles

1. **Corporate Compensation Philosophy** – The Director Compensation Philosophy should align with the corporate Compensation Philosophy that guides the compensation programs of our professional investment and benefit administration staff members.
2. **Pay Neutrality** - Director Compensation should be set at a reasonable level to be able to attract qualified and excellent candidates, but not so much that it is a significant factor on the decision of a candidate in joining the Vestcor Board. Director Compensation will be paid at the median of the appropriate comparator groups, while also taking into account Vestcor's size and complexity.
3. **Independence and Alignment with Stakeholders** - Director Compensation should be designed to promote a high degree of objectivity and independent thinking. While director compensation should be sufficient to adequately remunerate directors for their expertise and experience, nature of responsibilities and the time devoted to Vestcor, it should not be so high, or structured in such a manner, as to potentially compromise the independence of directors, their ability to take a controversial stand on an important issue or their preparedness to resign on a matter of principle.

Compensation should be designed to promote a direct alignment with the long-term interests of Vestcor Inc., its shareholders and other stakeholders of the Company and should not incentivize behaviours that compromise these interests. The total pay opportunity for a Vestcor Director should reflect the Company's public purpose, regulated responsibilities and oversight, and private not for profit entity status.

4. **Reflect Expertise and Time Commitment** - Director Compensation should reflect the overall expertise and experience required to oversee an organization such as Vestcor as well as the time expected of the director. The structure of director compensation plan will reflect the company size and complexity.

Director Compensation should include appropriate director indemnity and insurance coverage and the reimbursement of reasonable out-of-pocket expenses (such as travel and educational costs).

5. **Compensation may Vary for Different Director Roles** - There should be no distinction in pay for directors performing similar roles. Differentiation of compensation levels among directors based on relative time commitment and responsibilities, however, may be appropriate.
6. **Minimize Complexity and Ensure Transparency** - The complexity of director compensation structure will be minimized to ensure that the incentives being created are well understood by directors and shareholders. The process used by the Vestcor Board in setting its compensation should be transparent to shareholders and communicated as a part of the annual reporting process.
7. **Regular Reviews** – Director Compensation is reviewed at least every two years by the Governance Committee and changes, if any, are recommended to the Vestcor Inc. Board for ultimate approval by our owners through the Vestcor Corp. Board of Directors.

For compensation benchmarking purposes, the Board should consider alternative directorship opportunities available to candidates in the following talent markets / comparator groups including:

- stand-alone pension funds with less than \$60B in assets under management and similar complexity that publicly disclose Board of Director compensation
- Atlantic Canada based financial services organizations that are similar in size, scope and complexity to Vestcor
- smaller capitalized publicly traded Canadian financial services organizations